

# SHONTA ADMITS HE MENTIONED "OBLIGATIONS"

## Tells Why He Defended Stevens Contract in Talk With G. M. Lane.

## WAY PAVED FOR BIG QUESTIONS TO-DAY

**To Hinge on the Maxim  
"Prices and Quality Before  
Friendship Begins."**

**TOLD NO ONE WHEN  
HE WENT TO MORGAN**

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**Interborough Head Define  
"Slush Fund" Before  
Committee.**

Theodore E. Shonts, president of the Interborough Rapid Transit Company, testifying yesterday before the Thompson legislative committee, set forth the basis of the explanation he is to make when he is questioned with respect to his alleged statement that he favored the Stevens contract for third tracking at extending the elevated railroads because of the commission which Mr. Stevens was to receive.

By the same token, Bainbridge College, the corporation, told the federal court that it was not in a position to receive would enable Mr. Shonks satisfy certain obligations and meet certain commitments which he had made in connection with the dual system contracts.

counsel to the committee, had the reputation for a cross-examination of Mr. Shonts that is calculated to clear up the situation and for all just what there was to the situation in the Interborough's board of directors that led Mr. Shonts to favor the Stevens contract, that led him to give up a trip to Europe, that led directors to seek the counsel of J. P. Morgan and that finally resulted in the giving

up of the proposed contract and the elimination of two of the directors who had opposed it.

**Shonts's Favorite Maxim.**

Aside from the phrase "communities and obligations," appearing in the memorandum preserved by George W. Young, which was used by Mr. Shonts yesterday, it appears likely that Mr. Shonts's favorite maxim, "Prices and quality are

be equal before friendship meetings be the point upon which the whole drama of the Thompson committee's investigation will turn. Mr. Shonts quoted Maxim yesterday morning in describing a meeting of his board of directors which he got the impression that Andre Friedman was accentuating the note of friendship to the detriment of price as a quality. It was recalled also that P. Morgan testified before the committee last October that Mr. Shonts had used the expression when describing him a meeting of the board of directors on June 24, 1912.

In the jockeying for position that went on throughout the day between

Shonts and Mr. Colby it was evident also that the lawyer was making preparations for the big questions to be asked to-day, or perhaps on Monday, toward clearing up the truth or falsity of the memorandum of Mr. Young. The memorandum mentions Mr. Shonts, Mr. Freedman and Mr. Stevens as being the persons who were not to receive a benefit from the commission which was proposed to allow Mr. Stevens to superintending the third tracking of

extension of the evacuated railroad. Colby, by the introduction of letters and by his questions, brought yesterday to establish the intimacy of the friendship that existed between Mr. Shonts and Freeman and the close business relationships of Mr. Shonts and Mr. Steve.

**Private Talk With Laue.**

When the session was over the committee had added to its record the statement of Mr. Shonts that Gardiner

Lane, a former director of the Lute, bough, now dead, had opposed the Steve contrast at the meeting of June 24, and that he took Mr. Lane into his private office and discussed the matter with him. George W. Young, testifying before the committee on February 2, had produced a memorandum of that June meeting, which, he says, he submitted to Mr. Lane and which Mr. Lane evidently approved. Mr. Young's memorandum of what happened ended with

Following the special meeting, Mr. Shonts had taken him aside and stated that he wanted him, Mr. Lane, to understand the reason for entering into such a contract with Mr. Steven, that neither himself, nor Mr. Steven, nor Mr. Freedman was to receive a benefit from this contract, but that in connection with the securing of the contract which had been closed between the city of Greater New York

"I defended Stevens," said Mr. Shonts, describing his private talk with Mr. Ladd after the special meeting referred to in the memorandum, "as an honest

knowable gentleman, and I told him that Mr. Stevens would not in any arrangement be honorable to himself and the profession he represents, and that so far as I was concerned had but one rule, and that was that every obligation or commitment in which I entered was on the basis of prices and quality must be equal before friendship began, and that that was the basis upon which this suggestion of mine was to employing Mr. Stevens was made as a "friend."

Members of the Thompson commit-